



Batcheller  
Monkhouse

# Land for Development?



## Strategic Residential Development Land

It is never too soon to start thinking about whether your land has development potential, particularly with the ever-changing planning policy, and developers keenly enthusiastic for new opportunities.

The Government has a target of 300,000 new homes to be built each year, which it currently fails to meet. The resultant shortage of housing remains acute, and with it, the demand for more developable land.

Batcheller Monkhouse has both the expertise and experience to take a site all the way through, from site identification, planning and the resultant sale. The planning process can however be expensive and high risk.

For Landowners the fundamental question is - How best to take advantage of this market?

There are four main routes to success that a Landowner might consider:

- Self-Fund Scheme
- Option Agreement
- Conditional Contract
- Promotion Agreement

### Self-Fund Scheme

Under this arrangement, the landowner will take all the risk involved in securing planning consent and cover all the costs. The sums involved can be significant, especially if the scheme goes to appeal, but there are no developer fees and the landowner remains in control at all times. This works well for allocated sites or those with a strong presumption in favour of consent. The fundamental point is that, unlike the other routes set out below, the owner takes all the risk but retains all the value.

### Option Agreement

A developer will be appointed on the basis of their skill and expertise, to secure planning consent, at their cost. An upfront premium is usually payable to the landowner and the developer will have the option to purchase the land upon securing planning consent. This is usually at a discount to market value, less agreed deductible costs. The valuation of the site can be extremely complex. The drafting of valuation clauses and timetables therefore needs to be very carefully negotiated.

## Conditional Contract

Whereas an Option is just that, the Option to purchase, a conditional contract is a binding contract for sale, conditional on a specific clause. This is most usually the grant of a defined planning consent. Such agreements are best suited to shorter duration commitments, such as on an allocated site or a site with outline consent.

## Promotion Agreement

A promoter, being a strategic development company not a house builder, similarly uses their skills and expertise to secure planning consent, but unlike an Option agreement, on the grant of consent the site is sold on the open market by the owner. The sales process is thus transparent and removes all uncertainty on value. The interests of the owner and promoter are firmly aligned in maximising value.

## Our Expertise

Batcheller Monkhouse is the largest independent firm of Chartered Surveyors, Planning Consultants and Estate Agents in the South East. We have been representing landowners on development sites for many years, currently running over 40 residential and commercial schemes in Kent, Sussex and Surrey.

Landowners can seek our advice at any stage of the scheme, whether this is at the outset, negotiating terms with a developer, post planning consent in a valuation dispute, or the eventual sale.

### Please make contact with us:



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## Case Study

### Bringing a joint venture site to fruition

Batcheller Monkhouse received instructions from a principal landowner on a site at Tenterden and quickly recognised that establishing a consortium of neighbouring landowners would make the site more commercially viable and appealing to the local authority. We then advised on drawing up a joint venture agreement between the landowners and appointment of a land promoter following a competitive tender.

Gaining planning permission was a significant achievement as the picturesque town of Tenterden has not experienced high levels of development in recent times and residents were understandably apprehensive about the impact of the scheme on the town. Consequently, we worked with local residents' associations, local authority officers and residents to demonstrate that the development would be beneficial to the town. Following a successful planning application, permission was granted for 138 units. Batcheller Monkhouse was then retained to market the site and has subsequently sold the development to a national housebuilder.



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